U.S. DEPARTMENT OF COMMERCE
International Trade Administration
April 2000

OPPORTUNITIES FROM CHINA'S ACCESSION TO THE WTO

Massachusetts

The U.S.-China Bilateral Agreement on China's accession to the WTO opens an important market to Massachusetts' exports, benefitting key industries and creating export and employment opportunities. The importance of exports to China and the benefits of the Agreement for Massachusetts and its key industries are outlined below.

Export Profile

Massachusetts' exports of merchandise to China doubled from 1993 to 1998, rising from $117 million to $235 million.

China ranked as Massachusetts' 17th largest export destination in 1998, up from 19th position in 1993.

Massachusetts' exports to China are broadly diversified with most major product categories registering sales to the China market in 1998. Also, most Massachusetts export categories more than doubled their sales to China from 1993 to 1998.

Massachusetts' exports to China in 1998 include those from metropolitan areas located wholly or partly in Massachusetts: the Greater Boston, MA-NH metro area ($111 million); Lowell, MA-NH ($41 million); and Lawrence, MA-NH ($37 million).

Several Massachusetts metro areas posted sizable percentage gains in sales to China over the 1993–98 period. They included Lowell (996 percent growth), Pittsfield (441 percent), New Bedford (435 percent), and Lawrence (226 percent).

Sector Snapshot

U.S. farmers no longer will have to compete with export subsidies on China's agricultural products. Also, China has agreed to eliminate sanitary and phytosanitary barriers that are not based on sound scientific evidence. In addition, exporters will benefit from broadening the right to import and distribute imported products in China and from tariff cuts on cranberry juice.

As a result of the Agreement, Massachusetts' key export sectors benefit from reduced tariffs in China, strong intellectual property protection and improved trade rules protecting U.S. industries against unfair trade practices and removing burdensome obstacles, including:

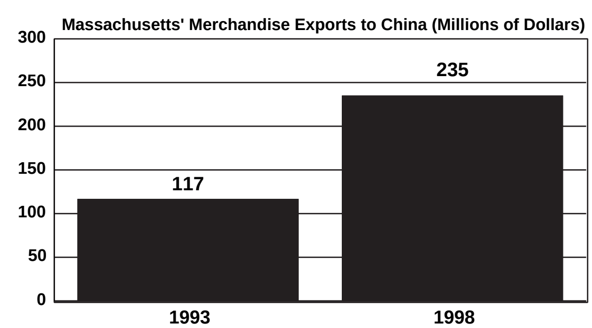
- Tariff elimination for information technology products. Major tariff reductions for medical equipment, construction equipment, scientific and measuring instruments, environmental technology equipment, pumps and compressors, optical fibers, glass fibers, air conditioning equipment, paper and printing equipment, photographic equipment, recorded media, footwear parts, food processing machinery, rubber and plastic working machinery, welding machinery, and metalworking machinery.

- Low tariffs for most chemicals at WTO harmonization rates.

- Elimination of import restrictions for products such as construction and medical equipment.

The agreement will open the market for a wide range of services, including telecommunications, banking, insurance, financial, professional, hotel, restaurant, tourism, motion pictures, video distribution, software entertainment distribution, periodicals distribution, business, computer, environmental, and distribution and related services.

Massachusetts Increased Its Exports to China by $118 Million From 1993 to 1998



Source: U.S. Department of Commerce, Exporter Location Series.

Key Industry Benefits

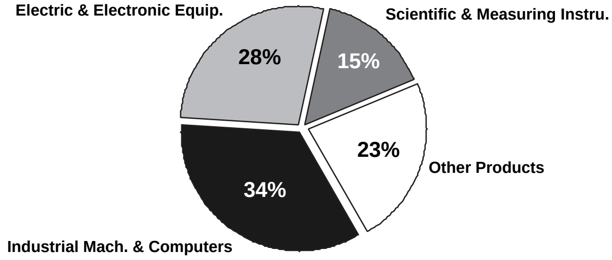
Information Technology

China will eliminate its duties for all information technology products, as defined by the WTO Information Technology Agreement (ITA), by January 1, 2005. These products include electronics, computers, fiber optic cable, and other telecommunications equipment. The current duties on information technology products average over 13 percent. All quotas on ITA products will be eliminated at the time of China's WTO accession. Within four years of its accession into the WTO, China will eliminate its tendering requirements for non-government purchases of ITA products. Trading and distribution rights for ITA products will be phased in over three years. China has agreed to apply tariffs uniformly and all taxes equally to domestic and foreign ITA businesses. This will alleviate the uncertainty associated with China's inconsistent application, refund, and waivers of its 17 percent value added tax. China has agreed that it will not condition import or investment approvals on technology transfer, or on conducting research and development in China.

Medical Equipment

China will reduce tariffs on medical equipment from an average of 9.9 percent to an average of 4.4 percent by January 1, 2003. If WTO members agree to and adopt the medical and scientific equipment sectoral initiative that originated in APEC, China has committed to join this initiative and eliminate its tariffs on these products. Trading and distribution rights on medical equipment will be phased in over three years, while tendering requirements for non-government purchases will be eliminated within one year of its accession into the WTO. China has agreed to apply WTO rules on technical barriers to trade.

Industrial Machinery & Computers Are Massachusetts' Largest Export to China



Massachusetts' merchandise exports to China totaled $235.4 million in 1998

Source: U.S. Department of Commerce, Exporter Location Series

Scientific and Measuring Instruments

China will reduce its tariffs on scientific instruments from an average of 12.1 percent to 6.1 percent. Reductions will commence upon accession and will be completed by January 1, 2003, in equal annual cuts. If WTO members agree to and adopt the medical and scientific equipment sectoral initiative that originated in APEC, China has committed to join this initiative and eliminate its tariffs on these products. Tendering requirements for non-government purchases of scientific instruments will be eliminated within four years of China's WTO accession. Trading and distribution rights for scientific instruments will be phased in over three years. China has agreed to implement the Agreement on Trade-Related Aspects of Intellectual Property Rights upon accession to the WTO.

Photographic Equipment

China will reduce most of its tariffs on photographic equipment to an average of 14.7 percent by January 1, 2002, with all tariffs being reduced to this average by January 1, 2006. Quotas and licenses on photographic equipment will be phased out by 2003 with an initial quota level of $14 million. Quota levels will grow 15 percent annually until eliminated. Trading and distribution rights for photographic equipment will be phased in over three years. China will not apply or enforce export performance or local content requirements as a condition for importation or investment approval. China has agreed to apply tariffs uniformly and all taxes equally to domestic and foreign photographic equipment businesses. This will alleviate the uncertainty associated with China's inconsistent application, refund, and waivers of its 17 percent value added tax.

Paper and Printing Machinery

China will reduce its tariffs on most paper and printing machinery from an average of 14.3 percent to an average of 10.8 percent by January 1, 2003, with all tariffs on paper and printing machinery being reduced to an average of 10.8 percent by January 1, 2004. Tendering requirements for non-government purchases of paper and printing machinery will be eliminated within four years of China's WTO accession. Trading and distribution rights for paper and printing machinery will be phased in over three years. China will not apply or enforce export performance or local content requirements as a condition for importation or investment approval. China has agreed to apply tariffs uniformly and all taxes equally to domestic and foreign paper and printing machinery businesses. This will alleviate the uncertainty associated with China's inconsistent application, refund, and waivers of its 17 percent value added tax. China will apply the terms of the WTO Agreements on Trade-Related Aspects of Intellectual Property Rights and Technical Barriers to Trade from the date of accession.

Fruit

Cutting China's tariff for cranberry juice, which will fall from 35 percent to 20 percent under its WTO accession agreement, will help Massachusetts' farmers take advantage of a growing market for fruit juices. China will also reduce tariffs by 70 percent on fresh citrus fruit by 2004 as tariffs of 40 percent on oranges, grapefruit, and lemons will drop to 12 percent. Tariff reductions of up to 57 percent are scheduled for citrus and other fruit juices. For fresh and processed deciduous fruit, tariff reductions of up to 75 percent are scheduled. Tariffs on pears, fresh and canned peaches, and jams and jellies will fall from 30 percent to 10 percent, while tariffs on plums, raisins, and grapes will fall from 40 percent to 10–13 percent.

Environmental Services

For key environmental services, China will allow foreign service suppliers to provide environmental consultation through cross-border delivery. Other foreign environmental service providers may operate in China through a joint venture. China has also agreed to grandfather the existing level of market access already in effect at the time of China's accession for U.S. companies currently operating in China.

Securities and Assets Management

Foreign securities firms may currently only trade in a limited number of stocks designated for foreign investors and then only via shared commissions. Upon accession, China will allow foreign firms to trade these shares with no Chinese intermediary. By three years after accession, foreign entities may establish securities joint ventures (JVs) with a minority equity share for foreign investors to underwrite all shares and corporate and government debt, and trade all these securities except those equity shares restricted to Chinese investors. Also upon accession, foreign entities may establish minority JVs to manage assets of all sorts.

Insurance Services

China will reduce geographic restrictions and quantitative limits for insurance companies and expand the scope of business activities permitted for foreign insurers. China agreed to award licenses solely on the basis of prudential criteria. China has also agreed to grandfather the existing level of market access already in effect at the time of China's accession for U.S. companies currently operating in China.

Management Consulting Services

At the time of WTO accession foreign firms can establish as a profit-making office or establish a joint venture with a majority equity share, and in five years foreign firms can establish as a wholly owned subsidiary. China has also agreed to grandfather the existing level of market access already in effect at the time of China's accession for U.S. companies currently operating in China.

Trade Stories

New England Door Corporation (Canton) has been exporting garage doors to China for the last two and a half years and has developed good relationships with its distributors. The company plans to expand in the near future into manufacturing garage door operators in China. The company exports 27 percent of its products overseas and 5–10 percent of those products are exported to China. China's membership in the WTO would reduce tariffs and allow the company to deal with the end user instead of reducing profit by going through a middleman.

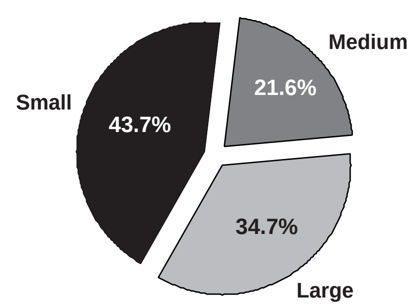
*(**Trade Stories** continued on page 8)*

ROLE OF SMEs IN EXPORTS TO CHINA

Small and medium-sized enterprises (SMEs) are responsible for a growing share of U.S. exports to China.

- In 1997, SMEs generated 35 percent—more than one-third—of all U.S. merchandise exports to China. This figure is up significantly from a 28 percent share in 1992.
- The 35 percent SME share of the China market in 1997 was higher than the SME share of overall U.S. merchandise exports (31 percent) in that year.
- Nearly two-thirds of all firms exporting from Massachusetts to China in 1997 were small or medium-sized enterprises (fewer than 500 employees).

Small & Medium-Sized Companies Account for 65 Percent Of All Firms Exporting From Massachusetts to China



449 companies exported merchandise from Massachusetts to China in 1997

Definitions: small = fewer than 100 employees; medium = 100–499 employees; large = 500 or more employees. Source: 1997 Exporter Data Base, U.S. Department of Commerce.

Overview of China WTO Accession Benefits to the United States

The Agreement is a one-way deal that will open China's now largely closed market to U.S. exports. By enacting Permanent Normal Trade Relations (PNTR), the United States is merely maintaining the market access policies it already applies to China. If Congress enacts PNTR, the agreement is expected to provide a substantial boost for U.S. exports. If Congress fails to pass PNTR, American companies, workers and farmers will be denied the great bulk of benefits of the agreement the United States already negotiated—including broad new market access for critical services such as telecommunications and distribution, strong import protections, and the right to enforce China's commitments through WTO dispute settlement. Failure to enact PNTR means fewer U.S. exports to China. U.S. competitors in Europe, Asia and elsewhere will gain market share at the expense of U.S. exporters as these countries will enjoy the full benefits of China's market opening WTO commitments.

Deep cuts for tariffs in manufactured products sectors[1] affecting most U.S. exports—averaging an across-the-board 60 percent cut in tariffs for industrial products. Important gains include a 62.5 percent cut in tariffs for pulp, paper and printed material and elimination of tariffs for information technology products including electronics, telecommunications equipment, and computer equipment.

Tariff bindings for every sector. U.S. industries gain greater certainty of access with China's commitment not to raise tariffs on any products above the negotiated ceiling (bound) rates.

Huge reduction in paperwork costs—a boon to smaller exporters. Simplification, harmonization of customs procedures and licensing will slash costs of processing export orders.

Elimination of quotas and non-automatic licenses for all manufactured products by year 2005. Only a handful of quotas will remain after year 2003. While quotas are being phased out, the quota level will be higher than our current export levels and will increase by 15 percent each year until the quota is eliminated.

By joining the WTO, China is committing to establish a tariff-only import regime for **agricultural products;** all non-tariff barriers will be eliminated. Any other measure, such as inspection, testing, and domestic taxes, must be applied in a manner that is consistent with WTO rules requiring a transparent and nondiscriminatory system. All health-related restrictions must be based on sound science.

China also committed to implementing **agriculture tariff-rate quotas** (TRQs) on economic rather than political criteria. These commitments are designed to ensure a transparent and consistent system for allocating shares of the TRQ to end users and provisions to ensure that quota-holders are not impeded in utilizing their allocations.

China has committed not to use **export subsidies** for agricultural products when it joins the WTO. This commitment is particularly useful for China's potential exports of corn, rice, and cotton, which in the past have displaced U.S. product from third-country markets.

Bilaterally, China agreed to the terms for removal of scientifically unjustified restrictions on importation of U.S. **wheat and other grains, citrus and meat.**

Foreign exchange balancing requirements—which link a company's level of imports to its level of exports—will be eliminated upon accession. This allows U.S. companies to make market-driven decisions about what to import and export instead of decisions driven by the Chinese government.

Local currency banking will be allowed starting with foreign clients upon accession, followed by Chinese enterprises two years after accession and Chinese individuals five years after accession. Foreign currency business will be allowed without geographic restrictions upon accession. China currently limits foreign banks to foreign currency business in selected cities.

Foreign securities firms may currently only trade in a limited number of stocks designated for foreign investors and then only via shared commissions. Upon accession, China will allow foreign firms to trade these shares with no Chinese intermediary. By three years after accession, foreign entities may establish securities joint ventures (JVs) with a minority equity share for foreign investors to underwrite all shares and corporate and government debt, and trade all these securities except those equity shares restricted to Chinese investors. Also upon accession, foreign entities may establish minority JVs to manage assets of all sorts.

Insurance licenses will be granted on a prudential basis, without numerical restrictions or discretionary economic needs tests. China currently only allows selected foreign companies (including four U.S. companies) to operate in China on a limited basis in only two cities.

Majority equity share for foreign non-life insurance entities will be permitted upon China's accession. Wholly owned subsidiaries will be allowed two years after accession. Life insurance joint ventures will be permitted at 50 percent equity share upon accession.

Easier access to and more control of distribution systems in China allowing U.S. companies to operate commission agents' services, franchising services, wholesaling, retailing and direct sales of their own products in three years post accession for almost all products.

Foreign companies will also be permitted greater control and access to other services related to distribution, including maintenance and repair, rental and leasing, advertising, technical testing and freight inspection, packaging, courier, storage and warehousing, and freight forwarding agency services.

The right to trade (import and export) will be permitted for almost all products within three years of accession. Currently, the right to trade is strictly limited; only companies that receive specific authorization or who import goods to be used in production have such rights.

Telecommunications services are currently not permitted to be supplied by foreigners in China. However, with its accession, China has agreed to allow foreign participation for both value-added and basic services. China has also agreed to undertake all the obligations contained in the WTO Reference Paper on pro-competitive regulatory principles. Telecom services which foreigners can supply under the Agreement include e-mail, voice mail, online information and database retrieval, facsimile, paging, cellular, and internet services via any technology including satellites.

Professional service providers will now be permitted to operate in China and receive national treatment for accounting, auditing, bookkeeping, management consulting, legal, tax consulting, architectural, engineering, and computer services.

The elimination of local content requirements will result in better access for U.S. exports and eliminate unfair incentives or requirements to use domestic goods.

U.S. exports and investments will be free from government-imposed conditions such as technology transfer, research and development in China, and offsets. Upon China's accession, such conditions may only be negotiated between the parties to a contract and not imposed or enforced by the government.

U.S. companies can sell their products in China and not be forced to export a certain percentage back to the United States or elsewhere. This eliminates the non-market incentive to use China as an export platform.

State-owned and state-invested enterprises will be required to buy and sell based on commercial considerations, making the purchase process more market-driven and transparent for U.S. companies and will provide new sales opportunities to U.S. firms.

China has agreed to establish **judicial review** procedures for the prompt review of all administrative actions relating to the implementation of laws, regulations, judicial decisions and administrative rulings related to its WTO obligations. The tribunals will be independent of the agencies entrusted with administrative enforcement.

Greatly improved enforcement of China's commitments through the WTO dispute settlement process. The United States will now have allies in other WTO members to address violations of international trade norms.

Current U.S. practice of using a special, non-market economy methodology when calculating dumping margins in **antidumping investigations** involving imports from China will remain in effect for 15 years. Chinese industries will continue to have the burden of proving to the U.S. government that market economy conditions prevail in their industry to avoid application of this methodology.

China will apply its trade-related laws **uniformly** throughout all of China including land and seaports.

China will be required to apply equally the value-added tax (currently at 17 percent for most products) to domestic goods as well as imports under the WTO **national treatment** provisions.

The United States will have access to a **product-specific safeguard mechanism** for 12 years which will allow the U.S. to address more easily any rapidly increasing Chinese imports in a targeted fashion in cases of actual or threatened market disruption to a U.S. industry.

China has agreed to incorporate into the WTO a **textile-specific safeguard** drawn from the U.S.-China Bilateral Textile Agreement.

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[1]For more information on tariff reductions, see tariff summary table.

ADDITIONAL INFORMATION AND ASSISTANCE

The reports for each of the 50 states are available at www.chinapntr.gov, as well as supplemental information on the benefits of China's membership in the World Trade Organization for U.S. industry and agriculture. Additional information on agricultural products is available from www.fas.usda.gov and speeches and testimony are provided on www.ustr.gov.

For counseling and assistance regarding exporting to China, call the Trade Information Center at 1-800-USA TRAD(E) or the Agriculture FAS Trade Assistance Office at 202-720-7420.

To discuss problems you are experiencing in exporting to China or a Chinese trade barrier you are encountering that is limiting your ability to export, please contact the Commerce Department's Trade Compliance Center. The fastest means to contact the Trade Compliance Center is the internet at http://www.mac.doc.gov/tcc. It can be reached also via e-mail (tcc@ita.doc.gov), fax (202-482-6097), or phone (202-482-1191).

Key Industry Tariff Reductions Resulting from the Agreement

Product Description	Average Base Rate[1]	Average End Rate[2]	Percent Change
Agriculture equipment	11.5	5.7	50.4
Auto parts	23.4	10.0	57.2
Beer	70.0	0	100.0
Building materials	16.4	14.1	14.0
Glass fibers	16.0	7.0	56.2
Chemicals	11.1	6.9	37.8
Cosmetics	29.3	11.9	59.3
Fertilizers	5.0	4.0	20.0
Pharmaceuticals	9.6	4.2	56.2
Soda ash	9.0	5.5	38.8
Civil aircraft	14.7	8.1	44.9
Compressors and pumps	15.5	9.0	41.9
Construction equipment	13.6	6.3	53.7
Distilled spirits	60.8	34.2	44.0
Engines	12.4	7.9	36.2
Environmental technologies equipment	13.4	6.9	48.5
Fish	20.5	11.4	44.3
Food processing machinery	13.5	9.8	27.4
Footwear	25.0	20.8	16.8
Footwear machinery	11.5	8.4	26.9
Furniture	22.0	0	100.0
Heavy machinery	14.5	7.8	46.2
Husbandry machinery	10.3	7.3	29.1
HVAC[3]	24.3	15.2	37.4
Information technology covered under ITA[4]	13.5	0	100.0
Laboratory machinery	12.9	10.2	20.9
Leather	18.7	16.2	13.3
Machinery parts	8.1	4.7	41.9
Medical equipment	9.9	4.4	55.5
Metalworking machinery	15.1	11.4	24.5
Molds	10.2	7.3	28.4
Motorcycles	58.3	41.7	28.5
Motor vehicles	75.9	23.6	68.9
Passenger motor vehicles	84.1	25.0	70.0
Nonferrous metals	9.3	6.6	29.0
Aluminum	14.2	9.4	34.0
Oil and fuel	7.4	4.9	33.7
Paper and printing machinery	14.3	10.8	24.5
Photographic equipment	19.4	14.7	24.2
Power generation equipment including batteries	13.4	8.5	36.6
Precious metals	13.8	11.0	20.0
Prefabricated buildings	22.0	10.0	54.5
Pulp, paper and printed material	14.4	5.4	62.5
Railway equipment	5.7	4.4	22.8
Recorded media	10.0	6.8	32.0
Rubber products	14.5	11.4	21.4
Rubber- and plastic-working machinery	15.7	7.7	50.9
Scientific and measuring equipment	12.1	6.1	49.6
Small household appliances	31.2	24.7	20.8
Special purpose vehicles	17.4	12.4	28.7
Specialized machinery	14.0	8.4	40.0
Steel	10.3	6.1	40.7
Telecommunications equipment not covered under ITA[4]	24.0	17.2	28.3
Optical fibers	13.5	2.5	81.4
Textiles and apparel	27.1	11.7	56.8
Synthetic yarn	18.1	5.0	72.3
Toys	23.0	0	100.0
Trailers	13.8	10.0	27.5
Trucks	31.5	18.5	41.2
Vending machines	23.0	13.6	40.8
Welding machines	14.8	9.8	33.7
Wood	12.5	4.6	63.2

[1]Average 1997–98 applied duties for each product category. Reductions will be made from the 1997–98 base rate for each tariff line. Most cuts will be made in equal annual increments.

[2]Average end rate for each product category which will be attained once China phases in all duty reductions agreed bilaterally with the United States. All reductions will be completed by January 1, 2008, with 70 percent of all reductions on industrial goods achieved by 2003 and 98 percent of all industrial duty reductions by 2005. China's agreements with other countries may result in lower rates and shorter staging.

[3]Includes heaters, ventilators, air conditioners, washers, refrigerators, centrifuges/dryers.

[4]WTO Information Technology Agreement (ITA), implemented in July 1997.

Key Agricultural Tariff Reductions Resulting from the Agreement

Product Description	Base Rate 1997-98[1]	End Rate[2]	Percent Change	Product Description	Base Rate 1997-98[1]	End Rate[2]	Percent Change
Beef	45	12	73.3	Pecans	35	10	71.4
Pork	20	12	40.0	Pistachios	35	10	71.4
Poultry	20	10	50.0	Cheese	50	12	76.0
Oranges	40	12	70.0	Lactose	35	10	71.4
Grapefruit	40	12	70.0	Ice cream	45	19	57.8
Lemons	40	12	70.0	Yogurt	50	10	80.0
Apples	30	10	66.7	Hop cone pellets	30	10	66.7
Cherries	30	10	66.7	Hop extracts	20	10	50.0
Grapes	40	13	67.5	Ginseng	40	10	75.0
Pears	30	10	66.7	Soybean flour	40	15	62.5
Peaches	30	10	66.7	Potatoes: Frozen hash browns	25	13	48.0
Canned peaches	30	10	66.7	Potato flour, meal and flakes	30	15	50.0
Raisins	40	10	75.0	Potato chips	25	15	40.0
Orange/grapefruit juices	35	15	57.1	Yellow grease	40	10	75.0
Celery	13	10	23.1	Soup	45	15	66.7
Lettuce	16	10	37.5	Pet food	30	15	50.0
Cauliflower	13	10	23.1	Wine	65	20	69.2
Broccoli	13	10	23.1	Protein concentrates	45	10	77.8
Frozen mixed vegetables	13	10	23.1	Water-based drinks with sugar	65	20	69.2
Frozen sweet corn	13	10	23.1	Other water-based drinks	50	35	30.0
Tomato paste	25	20	20.0	Cigarettes	65	25	61.5
Tomato ketchup	30	15	50.0	Tobacco	40	10	75.0
Almonds	30	10	66.7				
Hazelnuts	35	10	71.4				

[1]Base rate: 1998 current applied duty from which reductions will be made.

[2]End rate: End rate that will be attained by January 1, 2004, when China finishes phasing in all agricultural duty reductions agreed bilaterally with the United States. China's agreements with other countries may result in lower rates and shorter staging for some products.

Key Agricultural Tariff Rate Quotas (TRQ)

Product Description	Initial TRQ (million metric tons)	2004 TRQ (million metric tons)	Private Share (percent)	1999 Chinese Imports[3] (metric tons)
Wheat	7.3	9.6	10	448,000
Corn	4.5	7.2	25 growing to 40	70,000
Rice				168,000
Short/medium grain	1.3	2.6	50	
Long grain	1.3	2.6	10	
Cotton	0.743	0.9	67	46,000
Soybean oil[4]	1.71	3.2	50 growing to 90	804,000

[3]Import data from China Customs Administration, on a calendar year basis.

[4]TRQ quantity and private share will be phased in by 2005. On January 1, 2006, China will eliminate the TRQ and state trading for soybean oil, with nothing but a 9 percent duty remaining.

(*Trade Stories* continued from page 3)

Emerson & Curning Composite Materials, Inc. (Canton) is a manufacturer of syntactic foam used in offshore oil research and production markets as well as in the thermoforming industry. The company's 185 employees rely on exports for 70 percent of the company's yearly revenue. Currently, Emerson & Curning is in the final stages of negotiating a deal with a Chinese distributor that would conclude its first sale to China and allow the company to establish itself in the Chinese market.

Deep Sea Systems Int'l, Inc. (Falmouth) is a small business manufacturer of underwater Remotely Operated Vehicles. ROVs are highly sophisticated robotic tools used for various undersea research, inspection, and work tasks. In 1999, DSSI delivered one of its large Max Rover vehicles to the Shanghai Underwater Technology Institute. SUTI plans to offer the ROV to support oil exploration and pipeline construction, primarily in the South China Sea oil fields. DSSI sales in China were $600,000 in 1999, about 25 percent of the company's sales. As a result of this first sale, a cooperative relationship has been developed with SUTI that will foster future business for DSSI in China. The year 2000 includes a visit for DSSI to China for a trade show and other cooperative initiatives with SUTI. DSSI strongly supports all efforts regarding membership in the WTO and establishment of permanent normal trade relations with China.

EPC Labs, Inc. (Danvers) sells marine sonar equipment that is used for dredging, for underseas oil exploration, and by oceanographic research institutes. Founded 30 years ago, the company has had sales to China for more than 25 years. The company's overall China business brings in 10 percent of its annual revenues and accounts for as much as one-fifth of its total export earnings. In 1999, EPC and four other Massachusetts companies visited China on a trade mission that resulted in increased sales. Company representative Ted Curley expects revenues from exports to China to double by the end of fiscal year 2000. The most persistent problem EPC has had with companies in China is receiving payment once delivery is made—a situation Curley believes could change as China is further acclimated to international trade and the rule of law as a member of the WTO.